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27 DEC 1988
OCA 4086-88

MEMORANDUM FOR: Director of Central Intelligence

FROM: John L. Helgerson
Director of Congressional Affairs

SUBJECT: Transmission of Fiscal Years 1990 and 1991
Intelligence Authorization Bill to the
Office of Management and Budget for
Administration Clearance

25X1 1. Attached for your review and approval is a package prepared by my staff in connection with the transmission of the draft Fiscal Years 1990 and 1991 Intelligence Authorization bill to the Office of Management and Budget (OMB) for Administration clearance. The package consists of the bill as we propose to send it OMB (with draft transmittal letters to Congress), and a letter to OMB for my signature.

25X1 2. You will note that this draft bill covers two fiscal years. OMB has required a two-year bill because of guidance from the NSC and a provision in the DoD Authorization Act of 1986 that requires the Pentagon to submit a two-year budget for its authorization bill. Despite this guidance, Congress has in the past not enacted a two-year Intelligence Authorization bill.

25X1 3. During the initial round of coordination on the bill, we received several new proposals from the Army, DIA, and NSA. My staff urged each agency to ensure that their proposals were fully coordinated with the Department of Defense. Despite this admonition, we received indications from the Deputy Assistant Secretary of Defense for Intelligence that some of these proposals have not been fully coordinated within the Department of Defense and that DoD may end up opposing these proposals. There is sentiment in the Army, DIA and NSA for the Agency to forward these proposals to OMB despite the objections DoD might raise to the proposals.

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4. Generally speaking, I believe the individual intelligence components in DoD should coordinate their proposals internally before providing them to the Agency for inclusion in the Intelligence Authorization bill. Nevertheless, it is possible that you as DCI might wish to defend the proposals of constituent parts of the Intelligence Community even against the preferences of their parent entities. Therefore, I have indicated to the components that I will forward these proposals to you with a recommendation on whether to include them in the bill. Described below are the specific provisions of the bill, including the proposals that are controversial within DoD, and my recommendations.

25X1

5. Title IV - CIA Provisions. Title IV of the bill contains four CIA provisions. Section 401 implements a decision you made to reduce the eligibility time required to qualify for the Central Intelligence Agency Retirement and Disability System (CIARDS) from five years to three years of overseas service. The change would also apply to the special system created for Agency employees under the Federal Employees Retirement System (FERS). This is the major CIA provision in this year's bill. Section 402 would allow the Agency to once again procure LANDSAT imagery directly, rather than procuring it through the Defense Mapping Agency as required by last year's DoD Appropriations bill. Section 403 would require that an Agency employee in CIARDS complete within the last two years before retirement at least one year of service. Existing law would allow an employee to take leave without pay for an extended period of time during the last two years before retirement without affecting eligibility for retirement. This proposal brings CIARDS into conformity with the requirements under the Civil Service Retirement System. Finally, Section 404 closes a loophole in the former spouse legislation that could allow a former spouse to receive two separate death-in-service payments.

25X1

DCI Decision:/s/ WHW

25X1

Retain the four CIA proposals in Bill

Delete/Provide more information

6. Title V - Noncontroversial DIA and NSA Provisions. Title V of the bill contains five noncontroversial DIA/NSA proposals. Section 501 of the bill would exempt from taxation certain benefits provided to DIA and NSA employees overseas. Agency employees currently have such an exemption. Section 503 of the bill would provide authority for the Defense Intelligence College to accept gifts. Section 505 would permanently extend the authority of the Secretary of Defense to terminate DIA civilian personnel of the DIA. Section 506 would allow DIA employees overseas to receive the same benefits as State Department employees receive. Finally, Section 513 of

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25X1 the bill would create for DIA an undergraduate level training program for minorities similar to the program under way in the Agency and NSA. ☐

DCI Decision:

25X1 Retain the five DIA proposals in Bill

/s/ WHW ☐

Delete/Provide more information

25X1 7. Title V - Controversial DIA and NSA Provisions. There are two controversial DIA/NSA proposals in the the bill. Section 502 of the bill would establish foreign language proficiency incentive pay for civilian intelligence personnel in DoD. This proposal was included in last year's bill sent to OMB by the Agency, but it was deleted because of objections raised by DoD that the amount of incentive pay was excessive. The Deputy Assistant Secretary of Defense for Intelligence has stated that they would be willing to accept \$2,400 per year, but DIA insists on \$3,600 per year. I recommend that we forward the original DIA proposal to OMB and leave it to DIA and DoD to reach a compromise during the OMB coordination process. ☐

DCI Decision:

25X1 Retain DIA proposal in Bill

/s/ WHW ☐

Redraft DIA proposal to provide for only \$2,400 incentive pay

Delete DIA proposal from Bill

25X1 8. Section 504 of the bill would exempt the Director and Deputy Director of DIA and the Director of NSA from the general and flag officer grade ceilings in DoD. DIA and NSA have strongly urged adoption of this provision so that various commands in DoD are not penalized by losing a senior officer billet when an individual is selected to serve as the Director or Deputy Director of DIA or the Director of NSA. As DCI, you have a limited interest in this provision as a means to help ensure that the uniformed services offer the strongest possible candidates for these important posts. There is opposition to this proposal within the Force, Management and Personnel Office of the DoD. That office is concerned about the precedent this would set for other senior officer assignments. We also understand that the issue of ceiling exemptions has been a point of contention between DoD and the Congress for some years. Although its prospects are uncertain, I recommend we leave this provision in the bill because of the strong support for it from NSA and DIA. Those agencies may seek your help in lobbying the Secretary of Defense. ☐

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CONFIDENTIALDCI Decision:

25X1 Retain DIA/NSA Flag Rank Ceiling
Provision in Bill

/s/ WHW

25X1 Delete DIA/NSA Flag Rank Ceiling
Provision from Bill

DCI Decision:

25X1 Retain the four DoD proposals in Bill

/s/ WHW

Delete/Provide more information

10. Controversial Army Proposals. There are two controversial Army proposals in Title V of the bill. Section 507 of the bill amends the Intelligence Identities Act. The Act imposes criminal sanctions for the unauthorized disclosure of classified information identifying covert agents. The amendment would bring within that Act's protection three new classes of intelligence sources. The primary new class covered would be civilian employees of DoD who are asked to cooperate with U.S. intelligence agencies in offensive counterintelligence operations. The Army claims that this class of agents, and two other classes, were left out as an oversight when the original Act was passed. From discussions with those involved with passage of the Identities Protection Act, it appears that it was no oversight that these sources were excluded from the Act. Furthermore, the Army has not been able to demonstrate that there has been a pattern of disclosure of the names of

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such sources that would justify amending the Act at this time. This will make passage of the amendment very difficult in Congress. The Army nevertheless argues that potential damage must be avoided by passage of this amendment. Although we deleted this amendment from the bill three years ago because of the concerns stated above, I am inclined to leave this provision in the bill and give the Army a chance to obtain Congressional approval.

DCI Decision:

Retain Army Identities Act
Provision in Bill

/s/ WHW

Delete Army Identities Act
Provision from Bill

11. The Army has also proposed legislation that would provide relief to former members of the uniformed services who return to work for DoD. Currently, the pensions of these former members of the uniformed services are reduced by a certain amount when they return to work for DoD. This requirement was imposed by Congress because it was perceived these annuitants were receiving an unjustified double benefit in the form of a full annuity plus a full salary. The Army has proposed to allow retired annuitants who have a background in intelligence to receive a full annuity and a full salary as a recruitment incentive. Because of concerns raised by the DoD about the scope of the Army proposal, we redrafted the proposal. Section 512 of the bill requires the Secretary of Defense to report to the House and Senate Intelligence Committees on whether there is a legitimate problem caused by the prohibition on a rehired annuitant receiving a full annuity. If the the Secretary of Defense concludes in his report that there are critical, unmet intelligence needs created by the inability to recruit former members of the uniformed services who have an intelligence background, the Secretary would be granted limited authority to allow former members of the uniformed services to receive a full annuity when rehired by the Department of Defense. The Agency's Office of Personnel has advised there is no need to give the Agency similar authority since we can hire annuitants as independent contractors without a reduction in annuity or salary. The provision is still likely to be controversial within the Administration since it gives a special benefit to retired members of the uniformed services that is not available to anyone else who is rehired as a staff employee in government. Nevertheless, I recommend that we retain the provision in the bill for now. It can always be withdrawn at a later point if that proves necessary.

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Retain Proposal to allow
full annuity and salary for selected
military annuitants hired by DoD
intelligence organization

/s/ WHW

Delete Proposal to allow
full annuity and salary for
rehired military annuitants

12. Title VI - FBI Proposals. Title VI of the bill contains two FBI proposals. Section 601 of the bill would require a consumer reporting agency to provide information to the FBI in certain foreign counterintelligence investigations. Section 602 of the bill amends the Social Security Act to allow the FBI access to information related to the current and former residence and employment of individuals believed to be acting on behalf of a foreign power. The FBI proposals were included in last year's draft intelligence authorization bill, but no action was taken on the provisions because the CISPIS investigation created an unfavorable atmosphere to consider the proposals. The FBI believes the chances are good for favorable action on the proposals this year.

DCI Decision:

/s/ WHW

Retain the two FBI proposals in Bill

Delete/provide more information

John L. Helgeson

Attachments
as stated

D/OCA/JLH/ 23 Dec 88.

Retyped: slm/27 December 1988

Distribution:

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A BILL

To authorize appropriations for fiscal years 1990 and 1991 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Intelligence Authorization Act for Fiscal Years 1990 and 1991".

TITLE I - INTELLIGENCE ACTIVITIES

Authorization of Appropriations

SEC. 101. Funds are hereby authorized to be appropriated for fiscal years 1990 and 1991 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

- (1) The Central Intelligence Agency.
- (2) The Department of Defense.
- (3) The Defense Intelligence Agency.
- (4) The National Security Agency.
- (5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
- (6) The Department of State.
- (7) The Department of the Treasury.
- (8) The Department of Energy.
- (9) The Federal Bureau of Investigation.
- (10) The Drug Enforcement Administration.

Classified Schedule of Authorizations

SEC. 102. The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1990 and 1991, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared by the Committee of Conference to accompany () of the One Hundred and First Congress.

That Schedule of Authorizations shall be made available to the Committee on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the Executive Branch.

Personnel Ceiling Adjustments

SEC. 103. The Director of Central Intelligence may authorize employment of civilian personnel in excess of the numbers authorized for fiscal years 1990 and 1991 under sections 102 and 202 of this Act when he determines that such action is necessary to the performance of important intelligence functions, except that such number may not, for any element of the Intelligence Community, exceed 2 per centum of the number of civilian personnel authorized under such sections for such element. The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.

TITLE II
INTELLIGENCE COMMUNITY STAFF

Authorization of Appropriations

SEC. 201. There is authorized to be appropriated for the Intelligence Community Staff for fiscal year 1990 the sum of \$_____ and for Fiscal Year 1991 the sum of \$_____

Authorization of Personnel End Strength

SEC. 202.(a) The Intelligence Community Staff is authorized _____ full-time personnel as of September 30, 1990 and _____ full-time personnel as of September 30, 1991. Such personnel of the Intelligence Community Staff may be permanent employees of the Intelligence Community Staff or personnel detailed from other elements of the United States Government.

(b) During fiscal years 1990 and 1991, personnel of the Intelligence Community Staff shall be selected so as to provide appropriate representation from elements of the United States Government engaged in intelligence and intelligence-related activities.

(c) During fiscal years 1990 and 1991, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Intelligence Community Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

Intelligence Community Staff Administered
in Same Manner as Central Intelligence Agency

SEC. 203. During fiscal years 1990 and 1991, activities and personnel of the Intelligence Community Staff shall be subject to the provisions of the National Security Act of 1947 (50 U.S.C. 401 et seq.) and the Central Intelligence Agency Act of 1949 (50 U.S.C. 403a et seq.) in the same manner as activities and personnel of the Central Intelligence Agency.

TITLE III - CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY SYSTEM

Authorization of Appropriations

SEC. 301. There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1990 the sum of \$154,900,000 and for Fiscal Year 1991 the sum of \$164,600,000.

TITLE IV
CENTRAL INTELLIGENCE AGENCY
ADMINISTRATIVE PROVISIONS

Qualification Time for CIARDS and FERS Special

SEC. 401. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, is amended --

(1) by striking out "five" in section 233 and inserting in lieu thereof "three";

(2) by striking out "five" in subsection (a) of section 235 and inserting in lieu thereof "three"; and

(3) by striking out "five" in subsection (b)(4) of section 204 and inserting in lieu thereof "three.".

Remote Sensing Procurement Authority

SEC. 402. Section 3 of the Central Intelligence Agency Act of 1949 (50 U.S.C. §403c) is amended by adding at the end thereof the following new subsection:

"(f) In the performance of its functions, the Agency may use its funds to procure commercial remote sensing data by whatever means the Agency deems to be appropriate notwithstanding any other provision of law.".

Eligibility for Annuity

SEC. 403. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, is amended --

(1) by redesignating section 236 as section 237; and

(2) by inserting before the heading "Limitation on Number of Retirements," the following:

"Eligibility for Annuity

"SEC. 236. A participant must complete, within the last two years before any separation from service, except a separation because of death or disability, at least one year of creditable civilian service during which he or she is subject to this title before he or she or his or her survivors are eligible for an annuity under this title based on the separation. If a participant, except a participant separated from the service because of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his or her pay during the period for which no eligibility is

established based on the separation shall be returned to him or her on the separation. Failure to meet this service requirement does not deprive the individual or his or her survivors of annuity rights which attached on a previous separation."

DEATH IN SERVICE BENEFIT FOR FORMER SPOUSES

SEC. 404. Section 232(b) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, is amended--

(1) by adding at the end of paragraph (1) thereof the following new sentence: "Payment of death in service benefits for former spouses is also subject to paragraph (4) of this subsection"; and

(2) by adding after paragraph (3) thereof the following:

"(4) If a former spouse eligible for death in service benefits under provisions of this section is or becomes eligible for survivor benefits under section 224, the benefits provided under this section will not be payable and will be superseded by the benefits provided in section 224."

TITLE V
NSA/DIA/ARMY
PERSONNEL AUTHORITIES IMPROVEMENTS

NSA/DIA Employee Tax Equalization

SEC. 501. Section 912 (1) of chapter 1 of title 26, United States Code, is amended by striking the "or" in paragraph (C) and inserting at the end thereof the following new paragraphs:

"(E) subsection (b) of section 9 of the National Security Agency Act of 1959, as amended (50 U.S.C. §402 note), whenever the allowance would be excluded from gross income under paragraphs (1)(A) or (1)(B) of this section, or

"(F) subsection 1605 (a) of title 10, United States Code, whenever the allowance would be excluded from gross income under paragraph 1(A) of this section."

Foreign Language Proficiency Incentive Pay

SEC. 502(a): Chapter 33 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"1608. Special Pay for Foreign Language Proficiency

"(a) In addition to any compensation authorized under section 1604(b) of this title, the Secretary of Defense further may compensate civilian officers and employees of the Department of Defense: (1) who have been certified to be proficient in a foreign language identified by the Secretary of Defense as being a language where personnel proficiency is necessary for national defense considerations; and (2) who serve in positions where proficiency facilitates performance of officially assigned duties, or otherwise are proficient in a foreign language for which the Department has a critical need.

"(b) The annual rate for special pay under subsection (a) shall be determined by the Secretary of Defense but may not exceed \$3,600.00."

(b) The table of contents of chapter 33 of title 10, United States Code, is amended by adding at the end thereof the following:

"1608. Special Pay for Language Proficiency."

Defense Intelligence College Gift Acceptance Authority

SEC. 503: (a) Chapter 155 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"2606. Gifts to support the Defense Intelligence School

(a) The Secretary of Defense is authorized to accept, hold, administer, and use gifts, to include bequests or devises, money, securities, or other property, both real and personal, for the purpose of aiding and facilitating the work of the Defense Intelligence College.

(b) Gifts of money and proceeds from sales of property received as gifts shall be deposited in the Treasury and shall be available for disbursement upon the order of the Secretary.

(c) For purposes of federal income, estate, and gift taxation, gifts accepted by the Secretary under this section shall be considered to be to or for the use of the United States."

(b) The table of contents of chapter 155 of title 10, United States Code, is amended by adding at the end thereof the following:

"2606. Gifts to support the Defense Intelligence School."

Exclusion of DIA/NSA Director and DIA Deputy Director
Billets from Service Flag Rank Quotas

SEC. 504: (a) Chapter 32 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"527. Exception to General and Flag Officer Grade Ceiling

"Commissioned officers serving as Director or Deputy Director of the Defense Intelligence Agency, or Director of the National Security Agency, during the period in that appointment, shall not be counted against the numbers and percentages of commissioned officers of the rank and grade of such officer authorized for the Armed Force of which he is a member."

(b) The table of contents of chapter 32 of title 10, United States Code, is amended by adding at the end thereof the following:

"527. Exception to General and Flag Officer Grade Ceiling."

Extension of DIA Employee Termination Authority

SEC. 505: Section 1604(e)(1) of title 10, United States Code, is amended by striking "during fiscal years 1988 and 1989."

DIA Overseas Personnel Benefits Comparability

SEC. 506(a): Section 1605 of title 10, United States Code, is amended by striking from the first sentence of paragraph (a) everything following "employees of the Foreign Service."

(b) Section 432 of title 37, United States Code, is amended by striking from the first sentence of paragraph (a) everything following "employees of the Foreign Service."

Amendments to Intelligence Identities Act

SEC. 507: Subsection (4) of Section 606 of the National Security Act of 1947, as amended, is further amended --:

(a) in subclause (A), to read as follows:

"(A) An officer or employee of an intelligence agency or a civilian employee of the Department of Defense or a member of the Armed Forces assigned to duty with, or acting as an agent of, or informant or source of operational assistance to, an intelligence agency--";

(b) in subclause (B)(i) by striking the phrase "resides and"; and

(c) in subclause B(ii) by inserting "or source of operational assistance" after the word "informant", and by striking the phrase "the Federal Bureau of Investigation" and inserting in lieu thereof "an intelligence agency."

Secure Promotions for U.S. Army Intelligence Officers

SEC. 508: (a) Chapter 343 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"SEC. 3549. Military Intelligence: Secure Promotions of Officers Serving in the Great Skills Program or its Successors

"If the Secretary of the Army determines that compliance with the appointment procedures specified in section 624(c) of this title may be harmful to the security or safety of officers performing classified intelligence or counterintelligence duties as members of the Great Skills Program or its successors or compromise the security of an intelligence or counterintelligence operation conducted by Great Skills personnel, the Secretary may submit to the President a classified list identifying those affected officers whom the Secretary recommends for promotion. The President, without seeking the advice and consent of the Senate, may appoint officers so identified in grades below that of brigadier general. The Secretary of the Army shall annually report to the Committee on Armed Services of the Senate and House of Representatives the number of officers promoted under this section and the grades to which such officers were promoted.".

(b) The amendment made by this section shall be effective for promotions occurring on or after 1 October 1989.

(c) The table of contents of Chapter 343 of Title 10, United States Code, is amended by adding at the end thereof the following:

3549. Military Intelligence: Secure Promotions of Officers Serving in the Great Skills Program or its Successors.".

U.S. Citizenship for U.S. Army Russian
Institute (USARI) Staff

SEC. 509: (a) Section 1430 of title 8, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Any person who (1) is employed by the U.S. Army Russian Institute, and (2) has been so employed continuously for a period of not less than five years after a lawful admission for permanent residence, and (3) who files his petition for naturalization while so employed, and (4) who is in the United States at the time of naturalization, and (5) who declares before the naturalization court in good faith an intention to take up residence within the United States immediately upon termination of such employment, may be naturalized upon compliance with all the requirements of this subsection except that no prior residence or specified period of physical presence within the United States or any State or within the jurisdiction of the court, or proof thereof, shall be required.".

(b) The amendment made by this subsection shall be effective upon date of enactment.

(c) The title of Section 1430 shall be amended to read as follows:

"Section 1430. Married persons and employees of certain nonprofit organizations and the United States Army Russian Institute".

(d) The table of contents for Chapter 12, Subchapter III, Part II, § 1430 is amended to read as follows:

" 1430. Married persons and employees of certain nonprofit organizations and the United States Army Russian Institute.".

Permanent Special Termination Authority
For The Secretary of Defense

SEC. 510: Section 1590(e)(1) of title 10, United States Code, is amended by striking ", during fiscal years 1988 and 1989,".

Authority to Employ Personal Services

SEC. 511: (a) SEC. 1342, Chapter 13 of title 31, United States Code is amended by adding at the end of the first sentence thereof the following new sentence:

"Notwithstanding the foregoing limitation on the employment of personal services, the Secretary of the Army is authorized to employ personal services to provide instructors at a classified training facility.".

(b) This amendment shall be effective on 1 October 1989.

Relief from Prohibition on Dual Compensation

SEC. 512 One hundred and twenty days after enactment of this Act, the Secretary of Defense shall submit to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate a report setting forth whether the critical intelligence requirements in the Department of Defense are not being met because of an inability to recruit former members of the uniform services who have an intelligence background. The study shall address the factors that make it difficult to recruit former members of the uniform service, including the effect of the requirement that the pension of such former members be reduced while employed by the U.S. Government.

(b)(1) If the report of the Secretary of Defense concludes that there is a critical deficiency in U.S. military intelligence requirements caused by an inability to recruit

former members of the uniformed services who have an intelligence background, the Secretary of Defense during Fiscal Years 1990 and 1991 may provide that the pension of a former member of the uniform service who meets the requirements contained in paragraph 2 shall not be reduced because of employment with the Department of Defense notwithstanding any other provision of law.

(2) The Secretary of Defense may exercise authority contained in paragraph 1 to prevent a reduction in the annuity of a former member of the uniform services provided the Secretary certifies--

(A) there is a critical intelligence requirement that cannot be fulfilled by existing personnel serving in the Department of Defense; and

(B) the former member of the uniform service is uniquely qualified to fill the intelligence requirement.

Defense Intelligence Agency Acquisition of Critical Skills

SEC. 513 (a) Chapter 83 of title 10, United States Code is amended by adding at the end thereof the following section:

"SEC. 1609: (a) The purpose of this section is to establish an undergraduate training program, which may lead to the baccalaureate degree, to facilitate the recruitment of individuals, particularly minority high school students, with a demonstrated capability to develop skills critical to the mission of the Defense Intelligence Agency, including mathematics, computer science, engineering, foreign studies and foreign languages.

"(b) The Secretary of Defense is authorized, in his discretion, to assign civilian employees of the Defense Intelligence Agency as students at accredited professional, technical, or other institutions of higher learning for training at the undergraduate level in skills critical to effective performance of the mission of the Agency.

"(c) The Defense Intelligence Agency may pay, directly or by reimbursement to employees, expenses incident to assignments under subsection (b), in any fiscal year to the extent that appropriated funds are available for such purpose.

"(d)(1) To be eligible for assignment under subsection (b), an employee of the Agency must agree in writing

"(A) to continue in the service of the Agency for the assignment and to complete the educational course of training for which the employee is assigned;

"(B) to continue in the service of the Agency following completion of the assignment for a period of one-and-a-half years for each year of the assignment or part thereof;

"(C) to reimburse the United States for the total cost of education (excluding the employee's pay and allowances) provided under this section to the employee if, prior to the employee's completing the educational course of training for which the employee is assigned, the assignment or the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily; and

"(D) to reimburse the United States if, after completing the educational course of training for which the employee is assigned the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily, prior to the employee's completion of the service obligation period described in subparagraph (B), in an amount that bears the same ratio to the total cost of the education (excluding the employee's pay and allowances) provided to the employee as the unserved portion of the service obligation period described in subparagraph (B) bears to the total period of the service obligation described in subparagraph (B).

"(2) Subject to paragraph (3), the obligation to reimburse the United States under an agreement described in paragraph (1), including interest due on such obligation, is for all purposes a debt owing the United States.

"(3)(A) A discharge in bankruptcy under title 11, United States Code, shall not release a person from an obligation to reimburse the United States required under an agreement described in paragraph (1) if the final decree of the discharge in bankruptcy is issued within five years after the last day of the combined period of service obligation described in subparagraphs (A) and (B) of paragraph (1).

"(B) The Secretary of Defense may release a person, in whole or in part, from the obligation to reimburse the United States under an agreement described in paragraph (1) when, in his discretion, the Secretary determines that equity or the interests of the United States so require.

"(C) The Secretary of Defense shall permit an employee assigned under this section who, prior to commencing a second academic year of the assignment, voluntarily terminates the assignment or the employee's employment with the Agency, to satisfy his obligation under an agreement described in paragraph (1) to reimburse the United States by reimbursement according to a schedule of monthly payments which results in completion of reimbursement by a date five years after the date of termination of the assignment or employment or earlier at the option of the employee.

"(e)(1) When an employee is assigned under this section to an institution, the Agency shall disclose to the institution to which the employee is assigned that the Agency employs the employee and that the Agency funds the employee's education.

"(2) Agency efforts to recruit individuals at educational institutions for participation in the undergraduate training program established by this section shall be made openly and according to the common practices of universities and employers recruiting at such institutions.

"(f) Chapter 41 of title 5 and subsections (a) and (b) of section 3324 of title 31, United States Code, shall not apply with respect to this section.

"(g) The Secretary of Defense may issue such regulations as may be necessary to implement this section.

(b) The table of contents of chapter 83 of title 10, United States Code, is amended by adding at the end thereof the following:

"1609: Acquisition of Critical Skills.".

TITLE VI
FBI ENHANCED COUNTERINTELLIGENCE AUTHORITIES

Access to Consumer Reports

SEC. 601 The Consumer Credit Protection Act is amended by inserting "(1)" before the existing paragraph of Section 608 (15 U.S.C. 1681f.) and by adding the following new paragraphs:

"(2) Notwithstanding the provisions of Section 1681b. of this title, a consumer reporting agency shall furnish a consumer report to the Federal Bureau of Investigation when presented with a request for a consumer report made pursuant to this subsection by the Federal Bureau of Investigation providing that the Director of the Federal Bureau of Investigation, or his designee, certifies in writing to the consumer reporting agency that such records are sought for foreign counterintelligence purposes and that there are specific and articulable facts giving reason to believe the person to whom the requested consumer report relates is an agent of a foreign power as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. §1801).

"(3) Notwithstanding the provision of Section 1681b. of this title, a consumer reporting agency shall furnish identifying information respecting any consumer, limited to name, address, former address, place of employment, or former place of employment, to a representative of the Federal Bureau of Investigation when presented with a written request signed by the Director of the Federal Bureau of Investigation, or the Director's designee, stating that the information is sought in connection with an authorized foreign counterintelligence investigation.

"(4) The Federal Bureau of Investigation may disseminate information obtained pursuant to paragraphs 2 and 3 of this section only as provided in guidelines approved by the Attorney General for foreign intelligence collection and foreign counterintelligence investigations conducted by the Federal Bureau of Investigation, and, with respect to dissemination to an agency of the United States, only if such information is clearly relevant to the authorized responsibilities of such agency.

"(5) No consumer reporting agency, or officer, employee, or agent of such institution, shall disclose to any person that the Federal Bureau of Investigation has sought or obtained a consumer report or identifying information respecting any consumer under this section."

Access to Social Security Information

SEC. 602. The Social Security Act is amended by adding at the end of Section 1106 (42 U.S.C. 1306) a new subsection (f):

"(f) FBI REQUESTS FOR FOREIGN COUNTERINTELLIGENCE PURPOSES.

Notwithstanding Section 1306(a), the Secretary of Health and Human Services, or the Secretary of Labor, as the case may be, shall disclose information in the Secretary's possession relating to the address, former address, place of employment, and former place of employment of a named person, when presented with a certification signed by the Director of the Federal Bureau of Investigation, or the Director's designee, stating that:

(1) The information is sought in connection with an authorized foreign counterintelligence investigation; and,

(2) There are specific and articulable facts giving reason to believe the person is an agent of a foreign power as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. §1801).".

TITLE VII
GENERAL PROVISIONS

Increase in Employee Compensation
and Benefits Authorized by Law

SEC. 701. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

INTELLIGENCE AUTHORIZATION ACT
FISCAL YEARS 1990 AND 1991

SECTION-BY-SECTION ANALYSIS
AND EXPLANATION

TITLE I
INTELLIGENCE ACTIVITIES

Section 101 lists the departments, agencies, and other elements of the United States Government for whose intelligence and intelligence-related activities the Act authorizes appropriations for Fiscal Years 1990 and 1991.

Section 102 makes clear that details of the amounts authorized to be appropriated for intelligence and intelligence-related activities and personnel ceilings covered under this title for Fiscal Years 1990 and 1991 are contained in a classified Schedule of Authorizations. The Schedule of Authorizations is incorporated into the Act by this section.

Section 103 authorizes the Director of Central Intelligence in Fiscal Years 1990 and 1991 to expand the personnel ceilings applicable to the components of the Intelligence Community under Sections 102 and 202 by an amount not to exceed two percent of the total of the ceilings applicable under these sections. The Director may exercise this authority only when necessary to the performance of important intelligence functions or to the maintenance of a stable personnel force, and any exercise of this authority must be reported to the two intelligence committees of the Congress.

TITLE II
INTELLIGENCE COMMUNITY STAFF

Section 201 authorizes appropriations in the amount of \$_____ for the staffing and administration of the Intelligence Community Staff for Fiscal Year 1990 and \$_____ for Fiscal Year 1991.

Section 202 provides details concerning the number and composition of Intelligence Community Staff personnel.

Subsection (a) authorizes full-time personnel for the Intelligence Community Staff for Fiscal Years 1990 and 1991, and provides that personnel of the Intelligence Community Staff may be permanent employees of the Staff or detailed from various elements of the United States Government.

Subsection (b) requires that detailed employees be selected so as to provide appropriate representation from the various departments and agencies engaged in intelligence and intelligence-related activities.

Subsection (c) requires that personnel be detailed on a reimbursable basis except for temporary situations.

Section 203 provides that the Director of Central Intelligence shall utilize existing statutory authority to manage the activities and to pay the personnel of the Intelligence Community Staff. This language reaffirms the statutory authority of the Director of Central Intelligence and clarifies the legal status of the Intelligence Community Staff. In the case of detailed personnel, it is understood that the authority of the Director of Central Intelligence to discharge personnel extends only to discharge from service at the Intelligence Community Staff and not from federal employment or military service.

TITLE III
CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY SYSTEM

Section 301 authorizes Fiscal Year 1990 appropriations in the amount of \$154,900,000 for the Central Intelligence Agency Retirement and Disability Fund for Fiscal Year 1990 and the amount of \$164,600,000 for Fiscal Year 1991.

TITLE IV
CENTRAL INTELLIGENCE AGENCY
ADMINISTRATIVE PROVISIONS

Section 401 amends the Central Intelligence Agency Retirement and Disability Act to reduce the qualification time to enter CIARDS from five to three years of overseas service. This change in (CIARDS) would also reduce the time necessary to qualify for FERS-Special from five years to three years of overseas service.

At the present time, Agency employees who serve five years overseas qualify for enrollment in CIARDS or FERS-Special Category which enables them to retire without annuity reduction at age 50 (rather than age 55), after 20 years service. FERS-Special Category replaces CIARDS as the Agency's special retirement system for employees hired after 1 January 1984. Unlike CIARDS, however, FERS-Special is not an Agency-unique system; it covers the Foreign Service, air traffic controllers, firefighters, and law enforcement officers as well. In the last session of Congress, qualifying service for firefighters and law enforcement officers was reduced by the FERS Technical Correction Act of 1988 (Public Law No. 100-238, 1 January 1988) from ten years to three. (There is no specific period of qualifying service for the Foreign Service or air traffic controllers.)

About 17 percent of the Agency population now is in the CIARDS or FERS-Special Category. Legislative history and testimony indicates, however, that Congress originally envisioned that employees eligible for such early retirement could constitute between 25 and 33 percent of the Agency population.

The Agency is proposing to reduce qualifying service for our FERS-Special Category employees from five years to three, which would bring our FERS-Special Category qualifying service into line with the new three-year rule for firefighters and law enforcement officers. This would increase the number of Agency employees in FERS-Special Category by about 1,300 over the next five years and cost the Agency an average of \$2.8 million annually in additional retirement annuities.

Such a step, however, almost certainly would be seen to discriminate against employees presently in CIARDS. To avoid this discrimination, the proposal would also reduce qualifying overseas service for CIARDS from five years to three. This would immediately bring another 1,000 or so employees into the system, although many of these would soon have qualified for CIARDS anyway.

Taken together, these two steps would bring the Agency's combined CIARDS/FERS-Special Category population back up to about 25 percent of the Agency workforce. By making more people eligible for early retirement, this might give high performing officers more incentive to stay with the Agency until age 50, despite having to accept lower pay than they could make on the outside. It might also reduce the number of older people at high grade levels, thus helping the Agency to maintain a relatively young and vigorous workforce--which was the original intent of CIARDS. Finally, it probably would encourage more people (DI analysts, for example) to serve at least three years overseas. Looking ahead to such things as an expanding INF and/or START on-site-inspection role for the Agency, such a program could add a strong incentive for temporary overseas duty.

Section 402 authorizes the Central Intelligence Agency to procure remote sensing data, e.g., Landsat data, without regard to restrictions on procurement contained in other provisions of law that would interfere with the direct acquisition by the Agency, or individuals acting on behalf of the Agency, of such data. A more detailed explanation of the reason this amendment and the uses the Agency makes of such data will be provided separately in a classified letter to the House and Senate Intelligence Committees.

Section 403 requires a participant in CIARDS to complete within the last two years before retirement one year of qualifying service before becoming eligible for an annuity.

Current Civil Service Retirement System (CSRS) legislation requires that an individual spend one out of their last two years prior to retirement in an active pay status. The CIA Retirement Act (CIARDS) has no similar provision, thus an individual can be in a "When Actually Employed" status or "Leave Without Pay" status for an extended period of time and retain eligibility to retire. This legislation will resolve this anomaly and put CIARDS in conformance with CSRS. An Executive Order to conform CIARDS and CSRS would not be appropriate in this instance since the CSRS provision in question has been in existence since 1956 and conforming Executive Orders are authorized only with respect to legislation since 1975.

Section 404 clarifies language in the Intelligence Authorization Act of 1988 concerning death in service benefits. Under this legislation, a qualified former spouse is eligible for a pro-rata death in service benefit. In legislation passed in FY 1987 this same spouse, if divorced prior to 15 November 1982, is also entitled to receive the maximum (55 percent) survivor annuity. Neither piece of legislation addressed dual entitlements. Both acts, read together, would allow a qualified former spouse who is under the age of 50 to receive a pro-rata share survivor benefit and

upon reaching age 50 to receive a maximum survivor benefit (55 percent). In order to preclude paying dual entitlements, Section 404 provides that the maximum survivor benefit authorized under P.L. 99-569 supercede death in service benefits which are authorized in P.L. 100-178 once the former spouse reaches age 50.

TITLE V
NSA/DIA
PERSONNEL AUTHORITIES IMPROVEMENTS

Section 501 would amend section 912(a) of the Internal Revenue Code of 1954 to grant tax treatment of allowances currently provided to certain Department of Defense (DoD) personnel under section 9(b)(1) of the National Security Agency Act of 1959 and section 1605 of title 10, United States Code, comparable with that provided to Foreign Service employees for similar allowances.

The Intelligence Authorization Act of 1982 (Public Law 97-89) amended the National Security Agency Act of 1959 to allow the Director of the National Security Agency to provide allowances and benefits to certain civilian employees of DoD which were comparable to those provided to the Department of State's Foreign Service and to employees of the Central Intelligence Agency. During the implementation of this statute, it was discovered that comparability of the allowances could not be achieved unless the tax exemption provided for Foreign Service and CIA employees under section 912(1)(A) and (B) of the Internal Revenue Code was also available for civilians employed and assigned to the National Security Agency.

The Intelligence Authorization Act for Fiscal Year 1984 (Public Law 98-215) amended title 10, United States Code, to provide certain allowances and benefits to personnel assigned to Defense Attaché Offices (DAO) and Defense Intelligence Agency Liaison Offices (DIALO) overseas comparable to those provided by the Secretary of State to officers and employees of the Foreign Service under chapter 9 of title 1 of the Foreign Service Act of 1980 and the provisions of 5 U.S.C. §5924(4). Although section 1605 was designed to establish equivalence between DAO/DIALO civilians and Foreign Service personnel with respect to many allowances and benefits, the actual value of the allowances and benefits to DAO and DIALO personnel is less than the value of the benefits to Foreign Service personnel, since the benefits granted under the Foreign Service Act are tax-free by virtue of section 912 of the Internal Revenue Code while those granted under section 1605 are not exempt from taxation.

The current inequity in taxation has been compounded by subsection 1232(b) of the Tax Reform Act of 1986 (Public Law 99-154). This subsection provides that civilian employees of DoD stationed in Panama may exclude from gross income allowances which are comparable to allowances excludable under section 912(a) of the Internal Revenue Code by employees of the Department of State stationed in Panama. Thus, it appears that any Defense Intelligence Agency or National Security Agency

personnel stationed in Panama will, in future taxable years, be able to exclude from their gross income Foreign Service-equivalent allowances and benefits granted to them.

As a result of the provisions discussed above, there is now a situation where the tax laws treat identical allowances and benefits differently for NSA and DIA civilian personnel stationed overseas, from that of Foreign Service personnel. Moreover, under the Tax Reform Act of 1986, the tax laws now treat identical allowances and benefits differently for NSA and DIA civilian personnel in Panama from all other NSA and DIA civilian personnel stationed overseas. The addition of the proposed paragraphs (B) and (F) to section 912(1) of the Internal Revenue Code of 1954 will provide equal tax treatment for identical allowances and benefits received by NSA, DIA and Foreign Service civilian personnel stationed around the world.

The Congress is mindful of this problem and has indicated a willingness to assist. A provision identical to the amendment sought here was included in S. 1243, the Fiscal Year 1988 Intelligence Authorization Act as reported by the Senate Select Committee on Intelligence. During floor action on July 23, 1987, however, SSCI Chairman Boren was compelled to move to strike the provision from S. 1243 on account of a jurisdictional dispute. He indicated, however, that the Congress would be very receptive to the provision in the future (Congressional Record, July 23, 1987, pp. S 10591-92).

The provision was resubmitted to the Congress as Section 601 of the Administration's draft Fiscal Year 1989 Intelligence Authorization bill. By letter of 26 April 1988, Chairman Stokes of the Permanent Select Committee on Intelligence wrote to Chairman Rostenkowski of the House Ways and Means Committee concerning the proposal. By letter dated 25 May 1988, the Director of Central Intelligence wrote to Chairman Rostenkowski soliciting favorable consideration of the proposal by the Committee. The 100th Congress adjourned, however, without taking action on the proposal.

Section 501 is resubmitted again this year in hopes that it will be enacted.

Section 502 would provide the Secretary with authority to pay additional compensation to civilian employees of the Department, to include the military services and defense agencies, who are proficient in a foreign language which can be applied in the collection, production or dissemination of foreign intelligence. Currently, such authority exists for employees of the State Department, Central Intelligence Agency, National Security Agency and uniformed personnel of the military services. The need for such proficiency among civilian intelligence personnel in Defense Department components such as the Defense Intelligence Agency and the newly formed "INF Treaty On-Site Inspection Agency" is

increasing along with demands for high quality all-source military intelligence. In addition, it is recognized that the acquisition, maintenance and enhancement of a foreign language skill requires extraordinary effort any time normally outside of regular duty hours. Therefore, to encourage proficiency in critical foreign language communication skills (reading, speaking and listening), section 502 authorizes payment of special pay to civilian employees who test at or above the utility level established by the Secretary.

Section 503 authorizes the Secretary to accept and use gifts made to further the educational activities of the Defense Intelligence College. The Defense Intelligence College currently cannot take advantage of modest educational support opportunities presented by the private academic and corporate communities. This authority would be exercised with close legal supervision to ensure that no standards of conduct issues would arise.

Section 504 exempts the Director and Deputy Director of DIA and the Director of NSA, from general and flag officer grade ceilings. Such an exemption currently exists for officers appointed as DCI, DDCI, and Director of the IC Staff. However, the Armed Forces still are penalized by appointing their best intelligence officers to equivalent senior national foreign intelligence positions in DIA and NSA. While the Services consider it a distinct honor to fill such prestigious positions, the selected officers count against Service flag and general officer ceilings. This situation creates critical gaps in authorized flag and general officer intelligence positions in the Unified and Specified Commands and Service headquarters. This provision ensures that the Armed Service from which an officer is appointed as Director or Deputy Director of DIA or Director of NSA will not, by virtue of that appointment, be deprived of an authorized senior officer billet necessary for effective warfighting leadership and management support.

Section 505 amends provisions of 10 U.S.C. §1604(e)(1) to extend permanently the authority of the Secretary of Defense to terminate DIA civilian personnel of the Defense Intelligence Agency. This proposal augments the ability of DoD personnel systems to address the unique difficulties attendant to managing personnel problems in a classified environment, and is in keeping with the findings and recommendations of the National Academy of Public Administration (NAPA) study.

Section 506 provides the Secretary of Defense discretionary authority to ensure that DIA civilian and military personnel serving overseas can receive the same benefits which the Secretary of State is authorized to give State Department personnel serving under the same conditions. The rationale for this proposal is described below.

Most military members of the Defense Attache System (DAS) believe they are treated as "second class citizens" because their package of benefits and allowances does not compare favorably with that available to Foreign Service Officers and other U.S. government civilian employees at the same Embassy. Glaring discrepancies have caused serious morale problems within Defense Attache Offices (DAOs) and have caused a significant problem in attracting well-qualified individuals and retaining experienced intelligence collectors within the DAS. Largely because of such inequities, only one third of DAS personnel opt to serve a repeat tour in the DAS. Experienced personnel are the most valuable asset in the system. A 50 percent repeat tour rate would optimize professional DAS experience while still allowing sufficient new blood to enter the system so as to maintain close links between attaches and the services they represent. Surveys of DAS personnel show that inequitably distributed benefits have the greatest negative impact on DAS morale and retention and that roughly 11 percent of military personnel would opt for repeat tours in the DAS if benefits for DAS members were roughly comparable to those received by their Foreign Service and Civil Service colleagues. DAS morale and retention problems founded on feeling of relative deprivation, have actually increased over the years as the size of the DAS has shrunk. The DAS is asked to perform more tasks with fewer people, and these people increasingly associate with other U.S. government employees who receive substantially greater benefits for service at the same post. Civilian education allowances for dependent boarding schools, paid home leave benefits, substantial foreign language proficiency pay, substantial danger pay, and post hardship differential pay are the overseas benefits most desired by military members of the U.S. mission. DAS members quite understandably would like to have these benefits, which flow automatically to State Department and CIA personnel serving overseas. Discriminatory treatment has caused DAS family morale problems which have repeatedly come to the attention of Ambassadors, Community Liaison Officers, and Embassy medical specialists.

It is, of course, very difficult to substantiate the degree to which morale and retention problems in the DAS negatively affect DAO mission performance. It is clear, however, that it takes new members of the DAS six to twelve months on the job to become fully proficient. Most members of the DAS have lengthy and expensive foreign language training and intelligence or administration training prior to posting. In many cases attaches have also been fully funded for area studies degrees in preparation for attache duty. The investment in attache training is so great that there is a need to get more than one or two years of productive payback. There is a need to have at least 50 percent repeat tours for DAS personnel. This is not only the conclusion of DIA; it is also the conclusion of the Senate Select Committee on Intelligence, which has repeatedly pressed DIA to ensure a greater percentage of experienced professionals in the DAS.

Fortunately, benefits and allowances for DIA civilians working in the DAS are virtually identical to State Department benefits. With the exception of schooling issues, DoD civilians are covered by the "Standardized Regulations (Government Civilians, Foreign Areas)." Though Department Schooling for DoD civilians is tied to DoD Dependent Schools (DoDDs), DIA has already received congressional authorization to separately fund schooling for DAS dependents as may be made necessary by particular posting hardships.

The real problem is in providing comparable benefits and allowances for military personnel and their dependents in the DAS. Existing legislation authorizes DoD to provide military members of the DAS with some of the benefits and allowances now provided to State Department personnel serving overseas. However, there is a need to obtain a more general authorization for DoD to provide to DAS personnel in appropriate cases benefits and allowances comparable to those received by their State Department colleagues.

Congress has authorized several important benefits for State Department and DoD civilians that it has not authorized for military members of the DAS. The first of this is "Post Hardship Differential Pay," an amount equal to 10, 15, 20, or 25 percent of base pay. This additional pay is explicitly designed as a recruitment and retention incentive for posts characterized by extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthful living conditions. 5 U.S.C. §5925. There are now 62 capital cities where U.S. government civilian employees receive post hardship differential pay but their military colleagues serving in the DAO office do not, though the military personnel and their dependents clearly suffer identical hardships. As a result the DAS suffers recruitment and retention problems at the 62 posts. In the 1940s, Congress authorized Special Foreign Duty Pay for military personnel (10 percent of base pay for officers and 20 percent of base pay for enlisted personnel) as a morale factor and in recognition of greater-than-normal rigors of service in particular locations. Now, however, such pay is only available to enlisted personnel and it never amounts to more than \$22.50 per month.

A second major discrepancy in benefits exists in foreign language proficiency pay. Uniformed military personnel may receive only \$100 per month while there is no statutory cap on similar pay for State Department personnel. Compare 37 U.S.C. §316 (military pay) with 22 U.S.C. §4024 (State Department). In fact, 27 languages qualify for a State Department 15 percent bonus at the "S4/R4" proficiency level and for a 10 percent bonus at the "S3/R3" level.

A third major inequity relates to danger pay. For military members hostile fire pay or imminent danger pay cannot exceed the lowest level of hazardous duty incentive pay, currently \$110 per month while State Department personnel can receive up to 25 percent of base pay for service in the same location. Compare 37 U.S.C. §310 (military) with 5 U.S.C. §5928 (civilian/ State Department).

A fourth major inequity in legislative authority relates to dental care. State Department personnel and their dependents may receive one round trip per year, plus one day per diem, for dental care not available at a remote location. Uniformed members of the DAS have no comparable benefit unless the dental problem results in a medical emergency.

There are also a host of other small, but cumulatively significant, discrepancies:

- ° State Department personnel serving unaccompanied tours in danger areas are permitted two paid round trips per year to visit their families. 22 U.S.C. §4081(8). Members of the DAS can only accomplish such visits while on environmental and morale leave and could have only a portion of their expenses reimbursed.

- ° State Department employees have an 18,000 lb. shipping allowance. Compare 5 U.S.C. §§5724, 5726 (general civilian limits) with 22 U.S.C. §4081(11), (12) (State Department). Senior officers in the military will qualify for this only in mid-1989, and lower ranking personnel receive considerably less. The shipping allowance is particularly important to DAS personnel in light of the substantial representational requirements of their mission.

- ° State Department personnel can qualify for special differential pay. Compare 22 U.S.C. §3972 (State Department) with 5 U.S.C. §§5545, 5546 (general civilian). Military personnel have no similar benefits.

- ° State Department personnel can be reimbursed for converting household appliances, obtaining new auto registration and drivers' licenses. 5 U.S.C. § 5924 (cost-of-living allowances). Military personnel have no similar authorizations.

Section 507 amends the Intelligence Identities Protection Act to bring within the Act's ambit the following three classes of intelligence agents, informants and sources who had not previously been so covered and whose activities require such protection:

a. DoD personnel, both military and civilian, who are not assigned to duty with an intelligence agency, but nevertheless, whose identities and relationships to intelligence agencies are classified information, and who may have served outside the United States in the past five years, but currently serve within the United States.

b. United States citizens whose intelligence relationships to the United States are classified information, and who reside in the United States, but act outside the United States on behalf of an intelligence agency.

c. United States citizens whose intelligence relationships to the United States are classified information, but who at the time of the disclosure are not acting as agents or informants to the FBI, but who are acting as agents or informants or sources of operational assistance to another intelligence agency.

Section 508 adds new Section 3549 to chapter 343 of title 10 to delete the requirement for Senate confirmation of certain officers recommended for promotion to the next higher grade who are on the active duty list and perform classified intelligence or counterintelligence duties as members of the Army's "Great Skills" program (or successor programs), a personnel management system for managing the careers of individuals who specialize in sensitive operational activities. This section provides a permanent statutory basis for informal understandings between the Army and the Senate Armed Services Committee regarding confirmation procedures designed to protect the identities of officers involved in these clandestine activities. This promotion authority will be used only if the Secretary of the Army determines that public disclosure of the identities and Army affiliation of the officers concerned might endanger their personal safety or compromise sensitive intelligence or counterintelligence operations. The new provision authorizes the President, acting alone, to appoint such officers to grades below that of brigadier general. It also requires the Secretary of the Army to provide annual reports to the Armed Services Committees of the Senate and House of Representatives specifying the number of officers appointed under this special procedure and the grades to which they are promoted.

Section 509 adds new subsection (e) to Section 1430 of title 8 to allow members of the U.S. Army Russian Institute (USARI) staff who have defected or emigrated to the West to obtain U.S. citizenship while working at the school in Garmisch, Federal Republic of Germany. Section 1430 already allows several exceptions to the normal requirement of prior residence or physical presence within the United States for U.S. citizenship. The new subsection will allow members of the USARI staff to remain at the school to perform their teaching duties while at the same time accruing time towards U.S.

citizenship. At the present time a majority of the staff at USARI are stateless. Because of the location of the school, employees are unable to fulfill the residency requirement for U.S. citizenship. As defectors and emigres, the employees are unable to receive any of the benefits and protections guaranteed by U.S. citizenship. Their unique situation, their dedication, and their invaluable contribution to the United States Government justify an exception to the statutory requirement. This section would also provide an incentive to qualified defectors and emigres to consider USARI as an employment alternative without forfeiting their right to apply for U.S. citizenship.

Section 510 amends paragraph 1590(e)(1) of Chapter 81 of title 10, United States Code, which was enacted as Section 504 of the Fiscal Year 1987 Intelligence Authorization Act, by deleting the phrase ", during fiscal years 1988 and 1989,". The operative effect of the deletion is to grant the Secretary of Defense permanent special termination authority with regard to any civilian intelligence officer or employee of a military department under the circumstances detailed in paragraph 1590(e)(1). Deletion of the phrase ", during Fiscal Years 1988 and 1989," in paragraph 1590(e)(1) parallels Section 505 of this bill. Parity alone between the DIA and the Military Services in managing their civilian intelligence personnel population dictates adoption of this proposal. It is hoped that the Secretary of Defense will never have to make use of this special termination authority; such authority will be invoked only as a last resort. It is important that this authority not lapse since it will be too late to enact this provision again should an instance arise when it is necessary to invoke this authority.

Section 511 adds new language to Section 1342, Chapter 13 of title 31 to authorize the Secretary of the Army to employ personal services in order to hire instructors at a classified training facility. The Defense Intelligence Agency (DIA) is the executive agent within the Department of Defense (DoD) for all matters related to training DoD personnel at the facility. In response to an expansion of courses, DIA has tasked Army to fill six new instructor positions at the facility. In order to fill these positions, Army would be required to adopt one of three alternatives: pull officers from their duties in the field; attempt to hire the instructors as civil service annuitants; or hire the instructors by means of a Government contract. The first alternative is unacceptable operationally, as the personnel are far more urgently needed in the field. The second alternative is also unacceptable, as the likely pool of candidates is made up mainly of retired Government employees, civilian and military; and the salary that could be paid to them as annuitants is severely limited by laws. The salary limitation would make the position extremely unattractive. The final alternative is considered acceptable, but only if the instructors can be hired with a contract for personal services.

It is necessary for Army to retain a high degree of flexibility in the assignment of duties to the instructors and to maintain the type of supervisory control that exists in an employer/employee relationship, a control found only in a personal service contract. This amendment will permit the Army to contract for personal services for instructors at the classified facility.

Section 512 requires the Secretary of Defense to conduct a study to determine whether critical intelligence requirements are not being met because of an inability to recruit former members of the uniform services who have an intelligence background. The study should specifically address whether the inability to recruit former members of the uniform services is due to the existing requirement, 5 U.S.C. §5532, that the pension of such members be reduced while employed by the U.S. Government.

If the study concludes that there is a critical, unmet intelligence requirement due to an inability to recruit former members of the uniformed services who have an intelligence background, the section authorizes an experimental program to allow the Secretary of Defense to waive the requirement that military pensions of a former member of the uniform services be reduced while that individual is employed by the Department of Defense. This authority shall expire at the end of Fiscal Year 1991. The Secretary of Defense can only exercise this authority if he certifies that there is a critical intelligence requirement that cannot be fulfilled by existing personnel serving in the Department of Defense and that the former member of the uniform service is uniquely qualified to fill the intelligence requirement. This requirement will ensure that this special benefit will only be available where there is a legitimate need for services of retired military officers with intelligence backgrounds. By allowing these officers to fill civilian positions, without financial loss, the United States Government would be able to obtain and benefit from their continued service.

Additionally, the civilian component of the Intelligence Community would be strengthened by the mixture of retired officer and civilian personnel lacking such prior military experience.

Section 513 authorizes the Secretary of Defense to implement at the Defense Intelligence Agency a minority-oriented critical skills program patterned after the existing program at the National Security Agency. DIA desires to establish an undergraduate training program targeted at minority, women and handicapped individuals who have demonstrated the capability to develop skills critical to the mission of DIA.

DIA has recruited nationwide at historically black colleges and universities, other colleges with significant populations of minorities and women, career and job fairs, and national training conferences. Despite this effort, the Agency's success in recruiting targeted groups has not been wholly satisfactory. DIA's hiring statistics over the years have barely improved overall and have remained stagnant in the upper grade levels. The Equal Employment Opportunity Commission has identified underrepresentation of minorities and women at the Agency and urged it to pursue a results-oriented affirmative employment program. What are needed are innovative means to improve the number of handicapped employees as well as the number of women and minorities.

The major occupations reflected at DIA are intelligence research analysts, computer specialists, engineers, economists, and foreign area specialists. Comparatively few women and minority applicants are qualified in these fields. Consequently, DIA is routinely outbid by private industry for those job-seekers who are qualified. An undergraduate degree program is an opportunity to attract highly qualified candidates who might otherwise not attend college. Participants would complete a baccalaureate degree program in the skills required for positions at DIA. They would then be obligated to work for the Agency for one and one-half years for each year of schooling. (This program would enable DIA to improve its number of women, minority and handicapped employees with the pool of potential professionals for the long term, and thus improve the representation of these groups in the upper grades.)

TITLE VI
ENHANCED FBI COUNTERINTELLIGENCE AUTHORITIES

Section 601 amends the Fair Credit Reporting Act to require consumer reporting agencies to provide information to the Federal Bureau of Investigation in certain foreign counterintelligence investigations. The Right to Financial Privacy Act (RFPA) was recently amended to provide the FBI mandatory access to financial records in certain foreign counterintelligence investigations. Because consumer agencies are not subject to the RFPA, however, this change is necessary to provide similar consumer credit information.

The change will provide a means by which the FBI can obtain consumer credit information, including current and former addresses and employers, when it is certified by the Director that the report relates to an agent of a foreign power, or is necessary in connection with an authorized foreign counterintelligence investigation. The provision additionally provides for the dissemination of such information only pursuant to approved Attorney General guidelines for foreign intelligence collection and counterintelligence investigations conducted by the FBI. Finally, the provision prohibits disclosure of the fact the request was made or information obtained.

Section 602 provides a means for the Federal Bureau of Investigation to obtain information relating to current and former residence and employment of individuals believed to be acting on behalf of a foreign power. The information obtained under this provision will permit the FBI to locate an agent of a foreign power, obtain historical data on actions by such an agent, and, in certain cases, assist in determining the veracity of such an agent. This information is not readily available to the FBI from any single source and is often impossible to obtain through investigation without compromising sources of information or the confidentiality of an investigation.

TITLE VII
GENERAL PROVISIONS

Section 701 authorizes the increase of appropriations authorized by the Act for salary, pay, retirement and other benefits for federal employees as necessary for increase in such benefits authorized by law.

INTELLIGENCE AUTHORIZATION ACT,
FISCALS YEAR 1989 AND 1991

COST ANALYSIS

TITLE I
INTELLIGENCE ACTIVITIES

SEC. 101. Fiscal Years 1990 and 1991 authorizations are contained in the Classified Schedule of Authorizations.

SEC. 102. Cost analysis not applicable.

SEC. 103. Cost contingent upon exercise of permissive authority.

TITLE II
INTELLIGENCE COMMUNITY STAFF

SEC. 201. The Fiscal Year 1990 authorization is \$_____ and the Fiscal Year 1991 authorization is \$_____.

SEC. 202. Cost analysis not applicable.

SEC. 203. Cost analysis not applicable.

TITLE III
CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY SYSTEM

SEC. 301. The Fiscal Year 1990 authorization is \$154,900,00 and the Fiscal Year 1991 authorization \$164,600,000.

TITLE IV
CENTRAL INTELLIGENCE AGENCY
ADMINISTRATIVE PROVISIONS

SEC. 401. Enactment of this section will result in a cost of \$21.4 million over a period of five years. Included in this figure is an immediate cost of \$15.5 million for CIARDS and \$900,000 for FERS-Special.

SEC. 402. Enactment of this section will not result in additional cost to the Government.

SEC. 403. Based on the extremely limited number of people in this category, there is no anticipated cost to the Government.

SEC. 404. It is anticipated that enactment of this provision will save the Government money since it eliminates the possibility of a former spouse receiving a dual entitlement.

TITLE V
NSA/DIA/ARMY
PERSONNEL AUTHORITIES IMPROVEMENTS

SEC. 501. The enactment of this section would result in the loss to the Government of income tax revenues otherwise collectible on the exempted sums.

SEC. 502. Enactment of this section would cost approximately \$75,000 per year.

SEC. 503. Enactment of this section should not result in any additional cost to the Department of Defense or the Federal Government.

SEC. 504. Enactment of this section should not result in any additional cost to the Department of Defense or the Federal Government.

SEC. 505. Enactment of this section should not result in any additional cost to the Department of Defense or the Federal Government.

SEC. 506. Enactment of this proposal only will give the Secretary of Defense discretionary authority to provide certain benefits. Given that the authority is discretionary, it is impossible to gauge the resulting budgetary impact before the Secretary decides what, if any, benefits are to be funded.

SEC. 507. Enactment of this section should not result in any additional cost to the Department of Defense or the Federal Government.

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SEC. 511. Enactment of this section will cause an estimated increase of \$150,000 per annum in the budgetary requirements of the Department of Defense. Actual costs will not be known until solicitation for the instructors are issued and contracts are negotiated.

SEC. 512. It is not possible to predict the cost of this provision since it is contingent on the Secretary of Defense exercising discretionary authority.

SEC. 513. (To be supplied by the Defense Intelligence Agency)

TITLE VI
ENHANCED FBI COUNTERINTELLIGENCE AUTHORITIES

Access to Consumer Reports

SEC. 601. This change will allow the FBI to obtain accurate reliable information, often unobtainable from any other source. There are no known costs associated with the change. In many cases the provision will save a significant expenditure of man hours necessary to develop similar information from other sources. In other cases, without this provision, investigations will be terminated because insufficient information is available to further identify the subject and/or continue the investigation.

SEC. 602. This change will allow the Federal Bureau of Investigation to obtain accurate reliable information, often unobtainable from any other source. There are no known costs associated with the change. In many cases the provision will save a significant expenditure of man hours necessary to develop similar information from other sources. In other cases, without this provision, investigations will be terminated because insufficient information is available to further identify the subject and/or continue the investigation.

TITLE VII
GENERAL PROVISIONS

SEC. 701. Cost analysis not applicable.

INTELLIGENCE AUTHORIZATION ACT
FISCAL YEARS 1990 and 1991

CHANGES IN EXISTING LAW

NOTE: Where applicable, changes in existing law are shown as follows: existing law in which no change is proposed is shown in Roman; existing law proposed to be struck is enclosed in brackets; and new material is underscored.

TITLE I - INTELLIGENCE ACTIVITIES

Section 101: No substantive change.

Section 102: No substantive change.

Section 103: No substantive change from the Fiscal Year 1989 Intelligence Authorization Act.

TITLE II - INTELLIGENCE COMMUNITY STAFF

Section 201: No substantive change.

Section 202: No substantive change.

Section 203: No substantive change.

TITLE III -
CENTRAL INTELLIGENCE AGENCY
RETIREMENT AND DISABILITY SYSTEM

Section 301: No substantive change.

TITLE IV - CENTRAL INTELLIGENCE AGENCY
ADMINISTRATIVE PROVISIONS

Section 401(a) Amends section 233 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, as follows:

"Sec. 233. Any participant in the system who is at least fifty years of age and has rendered twenty years of service may on his own application and with the consent of the Director be retired from the Agency and receive benefits in accordance with the provisions of section 221 provided he has not less than ten years of service with the Agency of which at least [five] three years shall have been qualifying service."

(b) Amends subsection (a) of section 235 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, as follows:

"Sec. 235. (a) The Director may in his discretion place in a retired status any participant who has completed at least twenty-five years of service, or who is at least fifty years of age and has completed at least twenty years of service, provided such participant has not less than ten years of service with the Agency of which at least [five] three shall have been qualifying service. . . ."

(c) Amends subsection (b)(4) of section 204 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, as follows:

"(4) 'Former spouse' means a former wife or husband of a participant or former participant who was married to such participant for not less than 10 years during periods of service by that participant which are creditable under sections 251, 252, and 253 of this title, at least [five] three years of which were spent outside the United States by both the participants and the former spouse."

Section 402: Amends section 3 of the Central Intelligence Agency Act of 1949 (50 U.S.C. §403c) by adding the following new subsection:

(f) In the performance of its functions, the Agency may use its funds to procure commercial remote sensing data by whatever means the Agency deems to be appropriate notwithstanding any other provision of law.

Section 403 (a): Amends section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, as follows:

"SEC. [236] 237. The number of participants . . . "

(b) Amends the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, by adding the following section:

"Eligibility for Annuity

"SEC. 236. A participant must complete, within the last two years before any separation from service, except a separation because of death or disability, at least one year of creditable civilian service during which he or she is subject to this title before he or she or his or her survivors are eligible for an annuity under this title based on the separation. If a participant, except a participant separated from the service because of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his or her pay during the period for which no eligibility is established based on the separation shall be returned to him or her on the separation. Failure to meet this service requirement does not deprive the individual or his or her survivors of annuity rights which attached on a previous separation."

Section 404(a). Amends section 232(b) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, by adding at the end of paragraph (1) thereof the following new sentence:

"Payment of death in service benefits for former spouses is also subject to paragraph (4) of this subsection."

(b) Amends section 232(b) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, by adding the following new paragraph at the end thereof:

"(4) If a former spouse eligible for death in service benefits under provisions of this section is or becomes eligible for survivor benefits under section 224, the benefits provided under this section will not be payable and will be superseded by the benefits provided in section 224."

TITLE V
NSA/DIA/ARMY
PERSONNEL AUTHORITIES IMPROVEMENTS

Section 501: Amends section 912(1) of chapter 1 of title 26, United States Code, to read as follows:

The following items shall not be included in gross income, and shall be exempt from taxation under this subtitle:

(1) Foreign areas allowances: in the case of civilian officers and employees of the Government of the United States, amounts received as allowances, or otherwise (but not amounts received as post differentials) under--

(A) chapter 9 of title I of the Foreign Service Act of 1980,

(B) section 4 of the Central Intelligence Agency Act of 1949, as amended (50 U.S.C., 403e),

(C) title II of the Overseas Differentials and Allowances Act, [or]

(D) subsection (e) or (f) of the first section of the Administrative Expenses Act of 1946, as amended, or section 22 of such Act, [.]

"(E) subsection (b) of section 9 of the National Security Agency Act of 1959, as amended (50 U.S.C. §402 note), whenever the allowance would be excluded from gross income under paragraphs (1)(A) or (1)(B) of this section, or

"(F) subsection 1605(a) of title 10, United States Code, whenever the allowance would be excluded from gross income under paragraph 1(A) of this section."

Section 502: Amends Chapter 33 of title 10, United States Code, by adding at the end thereof the following new section:

"1608. Special Pay for Foreign Language Proficiency

"(a) In addition to any compensation authorized under section 1604(b) of this title, the Secretary of Defense further may compensate civilian officers and employees of the Department of Defense: (1) who have been certified to be proficient in a foreign language identified by the Secretary of Defense as being a language where personnel proficiency is necessary for national defense

considerations; and (2) who serve in positions where proficiency facilitates performance of officially assigned duties, or otherwise are proficient in a foreign language for which the Department has a critical need.

"(b) The annual rate for special pay under subsection (a) shall be determined by the Secretary of Defense but may not exceed \$3,600.00."

(b) Amends the table of contents of chapter 33 of title 10, United States Code, by adding at the end thereof the following.

"1608. Special Pay for Language Proficiency

Section 503: (a) Amends Chapter 155 of title 10, United States Code, by adding at the end thereof the following new section:

"2606. Gifts to support the Defense Intelligence School

(a) The Secretary of Defense is authorized to accept, hold, administer, and use gifts, to include bequests or devises, money, securities, or other property, both real and personal, for the purpose of aiding and facilitating the work of the Defense Intelligence College.

(b) Gifts of money and proceeds from sales of property received as gifts shall be deposited in the Treasury and shall be available for disbursement upon the order of the Secretary.

(c) For purposes of federal income, estate, and gift taxation, gifts accepted by the Secretary under this section shall be considered to be to or for the use of the United States."

(b) Amends the table of contents of chapter 155 of title 10, United States Code, by adding at the end thereof the following:

"2606. Gifts to support the Defense Intelligence School

Section 504: Amends Chapter 32 of title 10, United States Code, by adding at the end thereof the following new section:

"527. Exception to General and Flag Officer Grade Ceiling

"Commissioned officers serving as Director or Deputy Director of the Defense Intelligence Agency, or Director of

the National Security Agency, during the period in that appointment, shall not be counted against the numbers and percentages of commissioned officers of the rank and grade of such officer authorized for the Armed Force of which he is a member."

(b) Amends the table of contents of chapter 32 of title 10, United States Code, by adding at the end thereof the following:

"527. Exception to General and Flag Officer Grade Ceiling."

Section 505: Amends section 1604(e)(1) of title 10, United States Code, as follows:

"Notwithstanding any other provision of law, the Secretary of Defense may [during fiscal years 1988 and 1989,] terminate the employment of any civilian officer or employee of the Defense Intelligence Agency whenever he considers that action to be in the interest of the United States and he determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of such officer or employee cannot be invoked in a manner consistent with the national security."

Section 506(a): Amends section 1605 of title 10, United States Code, as follows:

The Secretary of Defense may provide to civilian personnel of the Department of Defense who are United States nationals, who are assigned to Defense Attache Offices and Defense Intelligence Agency Liaison Offices outside the United States, and who are designated by the Secretary of Defense for the purposes of this subsection, allowances and benefits comparable to those provided by the Secretary of State to officers and employees of the Foreign Service [under paragraphs (2), (3), (4), (5), (6), (7), (8), and (13) of section 901 and sections 705 and 903 of the Foreign Service Act of 1980 (22 U.S.C. 4081(2), (3), (4), (5), (6), (7), (8), and (13), 4025, 4083) and under section 5924(4) of title 5].

(b) Amends section 431 of title 37, United States Code, as follows:

The Secretary of Defense may provide to members of the Armed Forces who are assigned to Defense Attache Offices and Defense Intelligence Agency Liaison Offices outside the United States and who are designated by the Secretary of Defense for the purposes of this subsection allowances and benefits comparable to those provided by the Secretary of State to officers and employees of the Foreign Service [under paragraphs (2), (3), (4), (5), (6), (7), (8), and (13) of section 901 and sections 705 and 903 of the Foreign Service Act of 1980 (22 U.S.C. 4081(2), (3), (4), (5), (6), (7), (8), and (13), 4025, 4083) and under section 5924(4) of title 5.]

Section 507: Amends section 606(4) of the National Security Act of 1947 to read as follows:

(4) The term "covert agent" means--

(A) An officer or employee of an intelligence agency [or], a civilian employee of the Department of Defense or a member of the Armed Forces assigned to duty with, or acting as an agent of, or informant or source of operational assistance to, an intelligence agency.

(B) A United States citizen whose relationship to the United States is classified information, and

(i) who [resides and] acts outside the United States as an agent of, or informant or source of operational assistance to, an intelligence agency, or

(ii) who is at the time of disclosure acting as an agent of, or informant or source of operational assistance to, the foreign counterintelligence or foreign counterterrorism components of [the Federal Bureau of Investigation] an intelligence agency.

Section 508: Amends Chapter 343 of title 10, United States Code, by adding at the end thereof the following new section:

"SEC. 3549. Military Intelligence: Secure Promotions of Officers Serving in the Great Skills Program or Its Successors

"If the Secretary of the Army determines that compliance with the appointment procedures specified in section 624(c) of this title may be harmful to the security or safety of officers performing classified intelligence or counterintelligence duties as members of the Great Skills Program or its successors or compromise the security of an intelligence or counterintelligence operation conducted by Great Skills personnel, the Secretary may submit to the President a classified list identifying those affected officers whom the Secretary recommends for promotion. The President, without seeking the advice and consent of the Senate, may appoint officers so identified in grades below that of brigadier general. The Secretary of the Army shall annually report to the Committee on Armed Services of the Senate and House of Representatives the number of officers promoted under this section and the grades to which such officers were promoted."

(b) Amends the table of contents of Chapter 343 of title 10, United States Code, by adding at the end thereof the following:

3549. Military Intelligence: Secure Promotions of Officers Serving in the Great Skills Program or Its Successors."

Section 509: (a) Amends section 1430 of title 8, United States Code, by adding at the end thereof the following new subsection:

"(e) Any person who (1) is employed by the U.S. Army Russian Institute, and (2) has been so employed continuously for a period of not less than five years after a lawful admission for permanent residence, and (3) who files his petition for naturalization while so employed, and (4) who is in the United States at the time of naturalization, and (5) who declares before the naturalization court in good faith an intention to take up residence within the United States immediately upon termination of such employment, may be naturalized upon compliance with all the requirements of this subsection except that no prior residence or specified period of physical presence within the United States or any State or within the jurisdiction of the court, or proof thereof, shall be required."

(b) Amends the title of section 1430 to read as follows:

"Section 1430. Married persons and employees of certain nonprofit organizations and the United States Army Russian Institute".

(c) Amends the table of contents for Chapter 12, Subchapter III, Part II, §1430 to read as follows:

"1430. Married persons and employees of certain nonprofit organizations and the United States Army Russian Institute."

Section 510: Amends section 1590(e)(1) of title 10, United States Code, as follows:

"(e)(1) Notwithstanding any other provision of law the Secretary of Defense may [during fiscal years 1987 and 1988] terminate the employment of any civilian intelligence officer or employee of a military department whenever he considers that action to be in the interest of the United States and he determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of such officer or employee cannot be invoked in a manner consistent with the national security."

Section 511: (a) Amends section 1342, Chapter 13 of title 31, United States Code to read as follows:

"An officer or employee of the United States Government or of the District of Columbia government may not accept voluntary services for either government or employ personal services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property. Notwithstanding the foregoing limitation on the employment of personal services, the Secretary of the Army is authorized to employ personal services in order to provide instructors at a classified training facility. This section does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States."

Section 512: No substantive change.

Section 513: Amends Chapter 83 of title 10, United States Code by adding a new section at the end thereof as follows:

"SEC. 1609: (a) The purpose of this section is to establish an undergraduate training program, which may lead to the baccalaureate degree, to facilitate the recruitment of individuals, particularly minority high school students, with a demonstrated capability to develop skills critical to the mission of the Defense Intelligence Agency, including mathematics, computer science, engineering, foreign studies and foreign languages.

"(b) The Secretary of Defense is authorized, in his discretion, to assign civilian employees of the Defense Intelligence Agency as students at accredited professional, technical, or other institutions of higher learning for training at the undergraduate level in skills critical to effective performance of the mission of the Agency.

"(c) The Defense Intelligence Agency may pay, directly or by reimbursement to employees, expenses incident to assignments under subsection (b), in any fiscal year to the extent that appropriated funds are available for such purpose.

"(d)(1) To be eligible for assignment under subsection (b), an employee of the Agency must agree in writing

(A) to continue in the service of the Agency for the assignment and to complete the educational course of training for which the employee is assigned;

(B) to continue in the service of the Agency following completion of the assignment for a period of one-and-a-half years for each year of the assignment or part thereof;

"(C) to reimburse the United States for the total cost of education (excluding the employee's pay and allowances) provided under this section to the employee if, prior to the employee's completing the educational course of training for which the employee is assigned, the assignment or the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily; and

"(D) to reimburse the United States if, after completing the educational course of training for which the employee is assigned the employee's employment with the Agency is terminated either by the Agency due to misconduct by the employee or by the employee voluntarily, prior to the employee's completion of the service obligation period described in subparagraph (B), in an amount that bears the same ratio to the total cost of the education (excluding the employee's pay and allowances) provided to the employee as the unserved portion of the service obligation period described in subparagraph (B) bears to the total period of the service obligation described in subparagraph (B).

"(2) Subject to paragraph (3), the obligation to reimburse the United States under an agreement described in paragraph (1), including interest due on such obligation, is for all purposes a debt owing the United States.

"(3)(A) A discharge in bankruptcy under title 11, United States Code, shall not release a person from an obligation to reimburse the United States required under an agreement described in paragraph (1) if the final decree of the discharge in bankruptcy is issued within five years after the last day of the combined period of service obligation described in subparagraphs (A) and (B) of paragraph (1).

"(B) The Secretary of Defense may release a person, in whole or in part, from the obligation to reimburse the United States under an agreement described in paragraph (1) when, in his discretion, the Secretary determines that equity or the interests of the United States so require.

"(C) The Secretary of Defense shall permit an employee assigned under this section who, prior to commencing a second academic year of the assignment, voluntarily terminates the assignment or the employee's employment with the Agency, to satisfy his obligation under an agreement described in paragraph (1) to reimburse the United States by reimbursement according to a schedule of monthly payments which results in completion of reimbursement by a date five years after the date of termination of the assignment or employment or earlier at the option of the employee.

TITLE VI
ENHANCED FBI COUNTERINTELLIGENCE AUTHORITIES

Section 601 (a): Amends section 1681f. of title 15, United States Code, to read as follows:

(1) Notwithstanding the provisions of section 1681b of this title, a consumer reporting agency may furnish identifying information respecting any consumer, limited to his name, address, former address, places of employment, or former places of employment, to a governmental agency.

(2) Notwithstanding the provisions of Section 1681b. of this title, a consumer reporting agency shall furnish a consumer report to the Federal Bureau of Investigation when presented with a request for a consumer report made pursuant to this subsection by the Federal Bureau of Investigation providing that the Director of the Federal Bureau of Investigation, or his designee, certifies in writing to the consumer reporting agency that such records are sought for foreign counterintelligence purposes and that there are specific and articulable facts giving reason to believe the person to whom the requested consumer report relates is an agent of a foreign power as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. §1801).

(3) Notwithstanding the provision of Section 1681b of this title, a consumer reporting agency shall furnish identifying information respecting any consumer, limited to name, address, former address, place of employment, or former place of employment, to a representative of the Federal Bureau of Investigation when presented with a written request signed by the Director of the Federal Bureau of Investigation, or the Director's designee, stating that the information is sought in connection with an authorized foreign counterintelligence investigation.

(4) The Federal Bureau of Investigation may disseminate information obtained pursuant to paragraphs 2 and 3 of this section only as provided in guidelines approved by the Attorney General for foreign intelligence collection and foreign counterintelligence investigations conducted by the Federal Bureau of Investigation, and, with respect to dissemination to an agency of the United States, only if such information is clearly relevant to the authorized responsibilities of such agency.

(5) No consumer reporting agency, or officer, employee, or agent of such institution, shall disclose to any person that the Federal Bureau of Investigation has sought or obtained a consumer report or identifying information any consumer under this section.

Section 602: Amends section 1306 of Title 42, United States Code, adding the following new paragraph at the end thereof:

"(f) FBI REQUESTS FOR FOREIGN COUNTERINTELLIGENCE PURPOSES

Notwithstanding Section 1306(a), the Secretary of Health and Human Services, or the Secretary of Labor, as the case may be, shall disclose information in the Secretary's possession relating to the address, former address, place of employment, and former place of employment of a named person, when presented with a certification signed by the Director of the Federal Bureau of Investigation, or the Director's designee, stating that:

(1) The information is sought in connection with an authorized foreign counterintelligence investigation; and,

(2) There are specific and articulable facts giving reason to believe the person is an agent of a foreign power as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 ((50 U.S.C. §1801))."

TITLE VII
GENERAL PROVISIONS

Section 701: No substantive change.

The Honorable Dan Quayle
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

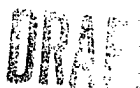
This letter transmits for the consideration of the Congress a proposed "Intelligence Authorization Act for Fiscal Years 1990 and 1991."

This year's proposed Act encompasses two budget years rather than one in accordance with the Department of Defense Authorization Act and Administration guidance in this area.

A detailed section-by-section explanation accompanies the proposed Act. Timely consideration of the bill would be greatly appreciated.

The Office of Management and Budget has advised that enactment of this proposed legislation would be in accordance with the President's program.

Sincerely yours,



William H. Webster
Director of Central Intelligence

Enclosures

The Honorable James C. Wright, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

This letter transmits for the consideration of the Congress a proposed "Intelligence Authorization Act for Fiscal Years 1990 and 1991."

This year's proposed Act encompasses two budget years rather than one in accordance with the Department of Defense Authorization Act and Administration guidance in this area.

A detailed section-by-section explanation accompanies the proposed Act. Timely consideration of the bill would be greatly appreciated.

The Office of Management and Budget has advised that enactment of this proposed legislation would be in accordance with the President's program.

Sincerely yours,

DRAFT

William H. Webster
Director of Central Intelligence

Enclosures

Mr. James C. Murr
Acting Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Murr:

In accordance with the Office of Management and Budget Circular No. A-19 (revised), I am submitting proposed legislation for your advice as to whether it is in accordance with the President's program. Enclosed are ten copies of the proposed "Intelligence Authorization Act for Fiscal Years 1990 and 1991," along with draft transmittal letters.

This year's proposed Act encompasses two budget years rather than one in accordance with the Department of Defense Authorization Act and Administration guidance in this area.

In order to ensure favorable action on these proposals, we would like to transmit them to the Congress as early as possible. Accordingly, we ask for receipt of your advice by 30 January 1989.

Your cooperation is most appreciated.

Sincerely yours,

DRAFT

John L. Helgerson
Director of Congressional Affairs

Enclosures